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Gloria Blue  
Executive Secretary, TPSC  
Office of the U.S. Trade Representative  
600 17th Street, N.W.  
Washington, DC 20508

Re: Steel, Inv. No. TA-201-073: Public Summary of Adjustment Plan

Dear Ms. Blue:

In response to a request by Mr. Willis Martyn, we hereby provide a detailed public summary of the adjustment plans submitted to the Office of the U.S. Trade Representative on November 5, 2001. This submission is made on behalf of the Minimill 201 Coalition (Long Products) and its individual members. Members of the Coalition are domestic producers of hot-rolled bar and light shapes, cold-finished bar, and rebar.

We would note that the entire adjustment plan submitted by the Steel Manufacturers Association is public, so that no summary of it is necessary.

Should you have any questions regarding this matter, please do not hesitate to contact the undersigned.

Respectfully submitted,

Charles Owen Verrill, Jr.  
Alan H. Price  
Timothy C. Brightbill

Counsel to Minimill 201 Coalition (Long Products)  
and its individual members

SUMMARY OF ADJUSTMENT PLANS SUBMITTED  
BY INDIVIDUAL COMPANIES

In addition to the Steel Manufacturers Association, thirteen individual companies or operating units who are members of the Minimill 201 Coalition (Long Products) submitted adjustment plans to the Office of the U.S. Trade Representative in connection with the ongoing investigation under Section 201 of steel imports into the United States. These adjustment plans described how the companies would take advantage of any remedy ordered by the President of the United States to enhance their competitiveness. The Minimill 201 Coalition (Long Products) has proposed a remedy consisting of a tariff of 50% on imported steel products, with a four-year period of relief.

Fourteen separate producers submitted adjustment plans to USTR. These producers, and the products they make, include the following:

<b>Producer</b>	<b>Products</b>
Ameristeel	Hot-rolled bar and light shapes; rebar
Bayou Steel	Hot-rolled bar and light shapes
Birmingham Steel	Hot-rolled bar and light shapes; rebar
CMC	Hot-rolled bar and light shapes; rebar
Co-Steel	Hot-rolled bar and light shapes; rebar
Kentucky Steel	Hot-rolled bar and light shapes
North Star Steel	Hot-rolled bar and light shapes; rebar
Nucor Corp.	Hot-rolled bar and light shapes; cold-finished bar; rebar
Jersey Shore Steel	Light shapes
Roanoke Steel	Hot-rolled bar and light shapes
Steel of West Virginia	Hot-rolled bar and light shapes

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Republic Technologies International	Hot-rolled bar and light shapes; cold-finished bar
TAMCO	Rebar
TXI-Chaparral	Hot-rolled bar and light shapes; rebar

The individual adjustment plans contemplate very substantial investments by the long products industry over the next few years. The plans identified total investments of around \$600 million. However, antitrust laws restrict the extent to which companies in an industry can coordinate investments and restructuring. It is likely that, as companies see what other companies are doing, they will modify their plans, so that it is unlikely that all of these investments will be made.

The details of the adjustment plans necessarily differed by company. Overall, though, the plans focused on measures that would *enhance efficiency and productivity* and *reduce costs*. All fourteen producers identified specific investments that would increase their efficiency and allow them to cut costs.

Typical measures include:

- Modification, refurbishment, or replacement of arc furnaces
- Installation of new transformers and furnace oxygen burners
- Installation of new control systems
- Rebuilding or upgrading casters
- Upgrade of reheat furnaces
- Installation of endless billet systems
- Installation of high speed bar saws
- Installation of new cranes and automated materials handling systems

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- Increased training for employees

These measures, while incremental, can have a real effect upon productivity and costs. One producer, for example, estimated that the installation of a new reheat furnace would increase its productivity by 20% -- without it adding any new capacity.

Several producers stated that a major component of their adjustment plan was simply to resume a more normal scope and pace of operations. Some were operating on reduced shifts and had laid off workers. They explained that relief would allow them to:

- Operate seven days a week
- Rehire laid off workers
- Increase production levels to increase efficiencies
- Resume required maintenance
- Install required environmental protection equipment

These improvements would reduce per-ton operating costs, thus improving revenues and profitability.

Closely related to these measures are steps that will *improve quality* and allow companies to offer *new products*. These steps include:

- Extension and upgrading of cooling beds
- Installation of new sizing mill to allow better dimensional control
- Installation of vacuum degassers
- Installation of new bar gauges and in-line straighteners

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- Installation of rebar epoxy coating line
- Research and development of new products

Among the new products producers stated they would like to offer are stainless or corrosion-resistant rebar, high-strength joint bars, and special bar quality (SBQ) bar.

As the adjustment plans stated, several of the long products producers are in questionable financial condition. Seven of the producers who filed adjustment plans noted that they would use increased earnings during the period of relief to *pay down their debts* and otherwise stabilize their financial structure.

Only one of the producers included in its plan a proposal to expand capacity, WRFMAIN 1062713.1 and the proposed capacity expansion was quite modest. Other producers stated that they would install or acquire additional capacity as appropriate, but provided no detail. Given the extent of overcapacity within the long products industry now, it is likely that any additions to capacity would be carefully targeted.

It is clear that, as part of the adjustment process, the long products industry will lose capacity. Because announcements of capacity reductions can have an impact on stock prices, securities law concerns prevent companies from including a discussion of possible capacity reductions in their adjustment plans. Since the U.S. International Trade Commission compiled its data on production capacity in the U.S. long products industry, Ispat Inland announced the closure of its 21-inch bar

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mill at its East Chicago mill. This closure represents approximately 950,000 tons of capacity. In addition, Republic Technologies International has idled blast furnaces representing 350,000 tons of capacity, and has reported that it is considering shutting down permanently a blast furnace and rolling mill at its Lorain facility. There will almost certainly be other reductions in capacity as well, although, for the reasons given above, companies may conclude that they cannot discuss them in an adjustment plan.